



MILLER CENTER
of PUBLIC AFFAIRS
UNIVERSITY of VIRGINIA



OLD MEDIA, NEW MEDIA
and the CHALLENGE
to DEMOCRATIC GOVERNANCE

Findings from the Project on
Media & Governance

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March 2010

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UNIVERSITY *of* VIRGINIA



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*The Faulkner House,
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INTRODUCTORY LETTER *from* GERALD L. BALILES

*A*fter publishing continuously since 1859, *The Rocky Mountain News* closed its doors in early 2009, sending a shockwave through the journalist community. Large cities across the American landscape, like San Francisco, are also in danger of losing their local daily papers. Stock prices for newspaper holding companies have hit rock bottom and the owners of *The Boston Globe* threatened to close its operations without serious labor concessions. The newspaper industry, which employs the lion's share of journalists, is in the throes of a wide-scale economic crisis. Newspapers are folding, and news rooms are rapidly shrinking. At the same time, we are seeing a proliferation of new, online sources for news and information. While the underlying economic issues causing these business problems are fairly well understood, the implications for democratic governance are not.



Gerald L. Baliles

How will leaders respond when there are fewer journalists watching? How will citizens inform themselves if the primary staple of hard news—printed newspapers—folds or scales back their political reporting? Can digital media fill the void?

Clearly, we are at a moment of unprecedented technological change, and we would be wise to consider it carefully, lest we lose the important civic benefits that traditional media have provided, namely a more engaged and informed citizenry and a government watchdog.

I began talking with friends and colleagues about the possible dangers lurking for citizens in a democracy with fewer journalists, fewer major sources of traditional news, and an explosion of untested formats such as blogs, bloggers, and social media. With these questions in mind, the Miller Center has undertaken this project on Media & Governance lead by Miller Center scholar Paul S. Martin. For the past year, the Miller Center



has reached out across the nation to key media leaders, stakeholders, policy makers and academic experts and created a meeting space to systematically address the future prospects for the infrastructure of news journalism and the effects of new trends in newspapers and media on the governance of the country. This report is the result of those efforts, and I hope you find it useful.

With our very best regards,

A handwritten signature in blue ink that reads "Gerald L. Baliles". The signature is fluid and cursive, with a long horizontal stroke at the end.

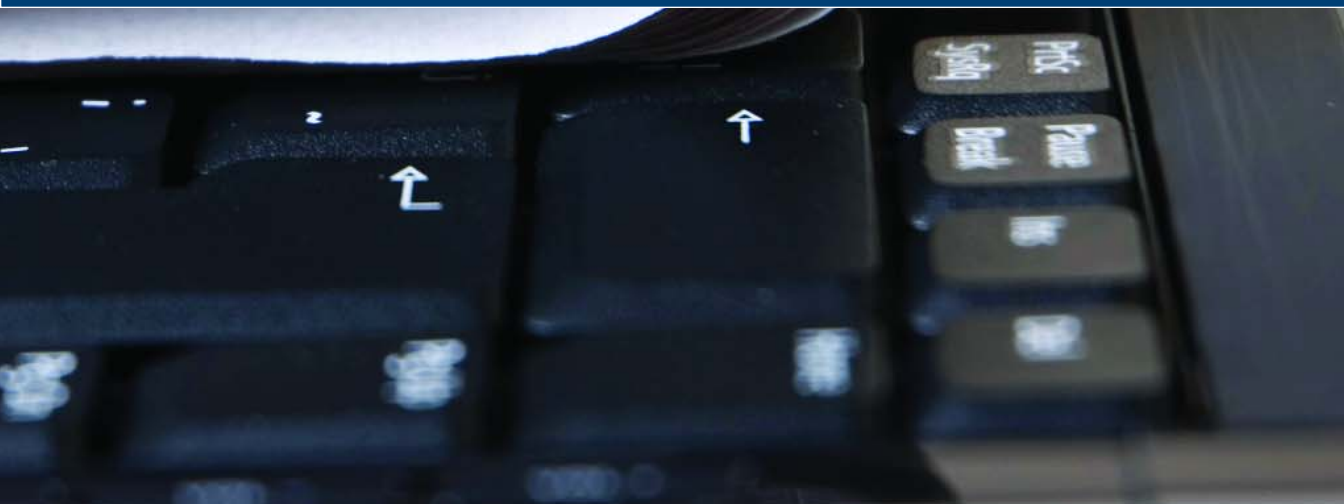
Gerald L. Baliles
Director, Miller Center of Public Affairs
University of Virginia
Governor, Commonwealth of Virginia (1986–1990)





INTRODUCTION

*Media Transitions and the
Creation of a Governance Problem*



INTRODUCTION

Media Transitions and the Creation of a Governance Problem

*T*he American political system relies on private media producers of newspapers, television stations, and news magazines to police our political institutions and to create and distribute information about politics in the hopes of creating a knowledgeable and engaged citizenry. The information infrastructure created by private media companies providing news to consumers at a profit is undergoing fundamental change that may lead to a market failure in the production and dissemination of public interest journalism.

As many have argued, old media systems are deteriorating at a rate that is outpacing innovation in new media.¹ The old news media system of newspapers, television news, and news magazines formed a civic infrastructure that created and disseminated news, employed journalists to keep watch over basic civic structures, and generally turned a profit. Technological innovation in the way of cable television, the Internet, and personal media devices—along with evolving business practices as media companies became publicly traded corporations—put pressure on the financial feasibility of the old system that produced journalism as a public good, while turning a profit.

An industry that was once nearly-monopolistic, locally-based (geographically-bound), and bundled is now hyper-competitive, internet-based, and unbundled creates uncertainty about how this will impact the future of democratic governance. The consequences of these media changes for democratic governance are too distant and too contingent on new technology and consumer responses to that technology for us to clearly see whether this transformation will on balance help or hurt democracy.

We can, however, identify interim problems. Most centrally, we see a reduced amount of public affairs journalism. The report focuses on this key issue and closes with a discussion of policy options that may partially remedy the issue, including changes to the tax code to clarify the status of news organizations as qualifying 501(c)(3) entities and a consideration of grant programs to fund content-neutral journalist tools.



The Miller Center of Public Affairs' Project on Media & Governance convened an informal working group with a rotating cast of policy makers, news professionals, and academics to address the problems that a changing news environment may pose for democratic governance. The project held full-day meetings at the Miller Center of Public Affairs' Washington, DC office on September 29, 2009, December 4, 2009, February 19, 2010 and March 5, 2010. This report was deeply influenced by group participants (listed at the end of this report), but responsibility for the report is solely that of the Miller Center of Public Affairs.

Media experts and veteran journalists will find in this report a distillation of issues with which they are already familiar.² This report is intended to provide an introduction to the broad issues facing American citizens, journalists, and government officials as media formats change and traditional media businesses falter. The report examines alternatives under consideration and assesses how those alternatives may help citizen and democratic governance in a shifting media environment.



MEDIA CHANGES *in* CONTEXT



MEDIA CHANGES *in* CONTEXT

*T*aking the long view, the American news media has been reborn roughly every 50 years. The broad contours of what was reported, how it was reported, and how it was distributed are deeply interwoven into ideas of citizenship and the way in which people in a democracy work together to self-govern. The structure of our news media impacts the quality of democratic citizenship.³

Through history, we as a nation moved briskly from a system where information was limited to personal letters passed through messenger, among the economic elite in the late 1700s,⁴ to a nation of partisan newspapers available to a much broader and economically diverse audience in the early 1800s. Irrespective of their quality, newspapers were seen as a widely democratizing phenomenon, making political, social, and economic information widely available for a nominal cost. The Founding Fathers believed that newspapers and the free flow of information encouraged democracy. They protected the developing newspaper industry by enshrining press freedom in the Bill of Rights. They also created and generously funded the United States Post Office to ensure the timely and affordable delivery of the news to the public.⁵

Beginning during Andrew Jackson's administration in the 1820s and culminating in the late 1860s, newspapers became increasingly partisan, spurred by the strengthening of the political parties. The political parties, themselves, were rooted in ethnic communities⁶ and, along with the newspapers of the day, served to mobilize citizen involvement in campaigns and elections to a level unknown in contemporary America. Voter turnout for eligible citizens reached upwards of 80% in the mid-19th century.⁷ Newspaper editors commonly served in dual capacities as party leader and news purveyor.

While newspapers as the dominant form of the news industry are generally credited with helping to stimulate historically high levels of participation, the quality of citizen engagement during this period is subject to question.

Historians of this “golden age” debate the degree to which high levels of voter turnout were reflective of genuine citizen enthusiasm for politics⁸ or whether party officials, in concert with partisan newspapers, were simply effective in stirring the passions of the masses and encouraging participation through partisan parades, bonfires, and festivals.⁹ Few accuse the period of having high-minded journalistic ideals of professional objectivity, and political corruption was rampant.

As newspapers shifted from responding to their partisan patrons to becoming profit-motivated commercial enterprises, the content and circulation of the news again evolved. This gradual change, with the penny presses of the 1860s and fully developing by the early 1900s, coincides with another broad transition in the American political system. Both the Democratic and Republican Parties adopted a style aimed at “educating” the electorate rather than engaging citizens through “spectacle.”¹⁰ With this change in approach, citizen involvement in elections fell to contemporary levels, with voter turnout hovering between 50% and 60% for presidential elections.

This early period of commercial newspapers is neither credited with the democratic expansion of the partisan press nor with delivering the type of information that would broadly allow citizens to hold governments accountable. Newspapers blurred the lines between news and advertising and conspicuously avoided devoting attention to political corruption.¹¹ “Muckraking” journalism began in the 1870s when *Harpers Magazine* ran a series of exposés on corruption in New York’s Republican Party. Attention to politics became conditioned on its profitability to owners and advertisers. Summing up the period, Gerald Baldasty of the University of Washington concludes: “The low price of the newspaper made it appear to be a great bargain. But the real cost was much higher. Readers paid little out of pocket for the new newspaper of 1900, but they paid in other ways. They received mountains of ‘news’ that momentarily entertained but that did not engage them in the reality of their city, nation, or world. In retrospect, inexpensive newspapers were not a great bargain.”¹²

As Professor Daniel Hallin of the University of California at San Diego, a participant in the Miller Center’s working group, points out in the essay that follows, professional journalism with contemporary norms of neutrality, objectivity, and social responsibility is a relatively recent development that is under threat from the unraveling of its economic foundation.

THE RISE *and* FALL *of* JOURNALISTIC PROFESSIONALISM *and the* “SOCIAL RESPONSIBILITY MODEL” *of the* PRESS

Daniel C. Hallin

Professor and Chair, Department of Communication
University of California, San Diego

*T*he role of the news media in democracy has been debated at a number of junctures in American history. The most famous statement on the subject is no doubt the so called Hutchins Committee report, *A Free and Responsible Press*, released by Commission on Freedom of the Press, financed by Henry Luce and chaired by Robert Maynard Hutchins, Chancellor of the University of Chicago, in 1947.¹ The report began by outlining what the members of the commission saw as a crisis in the role of the media in American democracy. That crisis, they argued, arose from three things—the increasingly central role of the media in social and political life, the contradiction between private control of those media and their role as public institutions, which resulted in the media frequently serving private interests more than public ones, and, closely related to the latter, ethical lapses by the media which, they believed, were likely to lead to interventions that would threaten freedom of the press. They discussed various possible solutions, including state subsidies and the creation of nonprofit media. But the primary solution they promoted, consistent with American liberal political culture in the mid-twentieth century, was professionalization.

In calling for professionalization of journalism, the Hutchins Commission was pointing to a process of institutional and cultural change in American journalism that was already well under way by the 1940s. And their analysis was prescient. The idea that journalism was a “public trust,” that news organizations had a responsibility to serve the “the public” and not merely the interests of owners or particular political factions became dominant in American culture and remained so for the generation following the Hutchins Commission report. It had real impact on the practice of journalism, leading for example to a substantial decline in the kind of political manipulation of the press by owners which had been common in the late nineteenth and early



twentieth centuries, and to the consolidation of a relatively strong consensus among American journalists around a set of ethical principles of accuracy, “objectivity,” balance, etc. And, although there have been many critiques of the practice of journalistic professionalism, it can be said that this was in some sense a successful solution, during this period, to the problem of how privately-owned commercial media could simultaneously serve private business interests and those of the public.²

The consolidation of journalistic professionalism, however, depended on very special conditions which prevailed in media industries and to some extent also in American political culture in the second half of the twentieth century. Those conditions now no longer exist, and the solution the Hutchins commission proposed to the problem of media and democracy has therefore broken down.

What were those conditions that made professionalization of journalism and the consolidation of the “social responsibility” model of the media (in the words of Siebert, Paterson and Schramm’s *Four Theories of the Press*) possible?³ This was a period, first of all, when economic pressures on the media were

diminished. In World War II, it should be noted, advertising revenues were down, and newspapers, like many other industries, concentrated on maintaining their relationship with their readers through public service until the consumer economy returned to normal. After World War II, concentration of the newspaper industry meant that the surviving papers were increasingly monopoly papers with minimal competition and highly stable economic foundations.

...clearly we face major issues today about whether our media systems serves the public interest. One issue has to do with sufficient resources being devoted to news reporting. It's a complicated issue, that requires balancing the decline of newspaper and network newsrooms against the rise of the blogosphere, opinion media, political comedy, etc.

They were also family-owned, and free from the pressures of Wall Street. In this environment, owners were willing to invest substantially in the newsroom and also to give journalists a high degree of autonomy—this was the environment in which the culture of journalistic professionalism prevailed. Concentration of newspaper markets also meant the newspapers saw themselves as serving the community as a whole, and had no economic incentive to target niche audiences based on partisanship or ideology, as had been the case in earlier eras.

In the case of television, the three network oligopoly, coupled with government regulation and the “trusteeship model” which obligated broadcast license holders to serve the “public convenience and necessity” produced similar conditions. The networks invested in extensive news divisions which were largely insulated from commercial pressures and entrusted to professional journalists.

There were also cultural conditions of this era which were conducive to the consolidation of journalistic professionalism. This included a culture which valued government and public affairs and generally accepted professional authority, and a period of relatively diminished partisanship in American politics.

These conditions have substantially broken down. Newspapers have been absorbed into corporations and increasingly subject to the criteria of Wall Street, and now, as we know, their economic model has to a significant extent collapsed. Broadcast media have been deregulated, competition has increased, and an unregulated, competitive, commercialized Internet industry has

developed alongside the traditional media. In the realm of culture, meanwhile, the dominant political discourses are cynical about government and public affairs. Professional authority has become increasingly subject to challenge (journalism, ironically, had an important role in this). One important difference between what we call today “neo-liberalism” and the liberalism of the era of the Hutchins Commission is the fact that neo-liberalism is generally contemptuous professionalism and the associated idea of a “public interest” that transcends market choices (Reagan’s FCC Chairman, Mark Fowler, expressed this by saying “the public interest is that which interests the public.”) And partisan divisions have grown increasingly strong in American politics.

In this context, all the ethical and regulatory issues raised by the Hutchins Commission, all the concerns about the media’s role in democracy, about manipulation, sensationalism, distortion, or lack of reliable information, which were debated in the U.S. in the first half of the twentieth century, have reemerged.

It is important, in my view, not to think of the changes in American media in terms of a decline from a “golden age.” There were many strong critiques of the model of the journalistic professionalism—as well as the particular brand of media concentration—that prevailed in the 1940s-1980s. Just to give one example, relevant to current debates, many critics argued that the

dominance of “objectivity” meant that the media had lost the function they once had of mobilizing citizens for collective action around political and social causes, and thus promoted passive citizenship.

But clearly we face major issues today about whether our media systems serves the public interest. One issue has to do with sufficient resources being devoted to news reporting. It’s a complicated issue, that requires balancing the decline of newspaper and network newsrooms against the rise of the blogosphere, opinion media, political comedy, etc.

In my view, though, there is clearly a serious danger that the whole pyramid of opinion and commentary that dominates the new media will be

Media partisanship is the norm in much of the world, and should not necessarily be seen as representing the collapse of democracy. But the reemergence and increasing centrality of partisan media in the U.S. certainly raises ethical and potential policy issues.

based on an inadequate base of real reporting. There is set of issues about ethics and professional autonomy, about whether standards of accuracy, fairness, and conflict of interest will erode with the decline of the traditional bastions of journalistic professionalism. And there is a concern about media partisanship and how it will affect political discourse and governance in the U.S. The intense conflict over the “Obama death panels” will no doubt be a symbol of this issue for years to come. Media partisanship is the norm in much of the world, and should not necessarily be seen as representing the collapse of democracy. But the reemergence and increasing centrality of partisan media in the U.S. certainly raises ethical and potential policy issues.

Endnotes

1. Commission on Freedom of the Press, *A Free and Responsible Press*. Chicago: University of Chicago Press, 1947.
2. Hallin, Daniel C. (2000) “Commercialism and Professionalism in the American News Media.” In J. Curran and M. Gurevitch, Eds., *Mass Media and Society*, pp. 218–237. London: Arnold.
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ASSESSING *the*
“SOCIAL RESPONSIBILITY ERA”
of Late 20th Century Journalism



ASSESSING *the* “SOCIAL RESPONSIBILITY ERA” of LATE 20TH CENTURY JOURNALISM

While the period of social responsibility was able to reconcile private and public interests, critics have pointed out a host of troubling issues with respect to how the late 20th century model of journalism worked and to what degree it fell short of the ideal of serving the public interest.

From the point of view of democratic governance, we want the press to produce critical and reliable information that can be used by citizens to make good electoral decisions and to hold leaders accountable for their actions. We want information to be widely available, easily attained, and for citizen consumption of political information to be high.

At the national level in recent decades, the concern of many scholars is that the press failed to live up to its role as an independent voice, merely reflecting the views of government officials. At the local level, the worry is that the press has merely served as a booster: ignoring conflict and highlighting the better side of cities and towns. During presidential campaigns, the worry is that the press focuses excessively on strategy and the horse race instead of a discussion of critical political issues. During non-presidential elections, the worry is that the press emphasizes negative imagery or simply fails to cover the campaigns.

An Over-reliance on Official Sources

Beginning in the 1960s, media critics became increasingly concerned with coverage of the Vietnam War and the protests it drew.¹³ The primary critique was that news organizations—presumably a check on government power and excess—predominantly relied on government officials as the official sources of information. Leon Sigal’s 1973 study of *The Washington Post* and *The New York Times* found that government officials constituted upwards of 80% of news sources.¹⁴ Sigal attributed the heavy reliance on government sources to organizational decisions made by the newspapers rather than to any political agenda. Consistent with Sigal’s study, examinations of how the press dealt with political actors outside of government—primarily the



protest movements in the 1960s—found that the press diminished the policy arguments of protesters and focused on the “circus” atmosphere of the protest itself.

The earlier finding of the mainstream media relying too heavily on government officials and neglecting critical non-governmental actors is highlighted by a major study of Vietnam War media coverage. Hallin’s analysis showed that the press coverage tracks closely with the ideological split within the United States Senate, underscoring that the press was not serving as an external check on government. When the Senate was unified in support of the war effort, coverage was generally sympathetic; when dissent grew in the Senate in the wake of the Tet Offensive, press coverage followed. Hallin argued that coverage of political events reflects the prevailing political consensus, providing little voice for views that fall outside of the consensus or coming from outside government.¹⁵ The danger for democratic societies is that the press fails to act as an independent check on political power and relies on splits between official political actors.

Media scholars are not surprised by the continued reliance on official sources and the indexing of press coverage to official debate. If officials are the primary sources, news reporting reflects what official sources are saying. Updating the analysis of media sources and coverage to more recent issues involving Iraq, Abu Ghraib and Hurricane Katrina, Bennett and colleagues conclude that journalistic reliance on official sources makes it “difficult in many cases for the press to bring outside information and sources into play in an effort to establish an independent public accounting.”¹⁶

A town’s best friend and a campaign’s worst enemy?

As researchers began studying the dynamics of small communities, a general tendency emerged: newspapers in small localities act as boosters for their communities. Newspapers at the local level rely heavily on a smaller market of advertisers and may not have the professional luxury of ruffling the feathers of a lucrative source of ad revenue. Secondly, newspapers are seen as part of a larger community that desires to see itself in a positive light. Negative stories, including those that tarnish the image of a community, could create problems with local economic development or could limit growth.¹⁷ Aside from the civic boosterism issue, studies of community power dynamics from the 1960s and 1970s raised concerns that local and regional newspapers often serve to protect entrenched private interests rather than the public good.¹⁸

While scholars worry that the press painted too rosy a picture for smaller towns, scholars argue that campaign coverage focuses too much on strategy and the horse race aspect of the campaign—who’s up in the polls. Journalists choosing to characterize electoral campaigns as a game may promote an increasingly cynical public response to campaigns.¹⁹ Moreover, journalists have increasingly inserted themselves as judges of the candidates and have positioned themselves as interpreters for the mass public. In 1968, uninterrupted campaign sound bites on network news lasted 60 seconds on average; by 1988, they were 8.5 seconds. Likewise, this period saw an explosion of expert commentators, most of whom purport to explain the candidates’ motivations.²⁰

News Consumption in the Social Responsibility Era

Despite concerns about the level of press independence, or whether the news media is the right institution to handle a political campaign, the “Social

Responsibility Era,” peaking in the late 1960s and slowly unraveling by the late 1990s, had two important properties that encouraged the public consumption of public affairs news that was, in retrospect, more balanced. First, there were not many media options available; and, second, the options that were available came packaged in bundles, mixing public affairs news with entertainment, culture, business, and other enticing information. These two properties steered citizens toward public affairs news and did so in a way that was likely to expose people to multiple sides of an issue.

Two basic preferences people display with respect to information consumption are that they remain “rationally ignorant” and they engage in selective exposure. The preference for rational ignorance means that people consume information that they think will help them or find interesting and overlook information that does not.²¹ Public affairs information for most people is neither helpful nor interesting. Selective exposure means that people are also likely to self-select toward information that they find palatable based on the content of the information or the viewpoint expressed. The upshot of these two underlying preferences is that the average person will generally avoid political news. Those who do consume political news will self-select toward news or programming they agree with. Politically interested conservatives will select *Fox News*; liberals will select *The Rachel Maddow Show*, but the vast majority of the public will choose something that is not public affairs information.

The information environment in the Social Responsibility Era made neither of these preferences particularly easy to act upon. If you watched television, there were three channels and all three placed evening news between dinner and prime time, making casual evening television watchers more likely to see a mainstream news show. Newspapers were similarly near monopolies and bundled information. If you wanted to know the sports or the weather, you had to get the whole paper and you were inadvertently exposed to public affairs news on the front page.

The consequence of the restricted number of choices during the Social Responsibility Era is that American citizens were at their peak of broad-based consumption of political information and knowledge.²² Americans were also more likely to be exposed to opposing points of view and find their media sources to disagree with their own point of view far more than they experienced with their friends and family members.²³

From the point of view of democratic governance, broadly construed, the Social Responsibility Era excelled at producing news (though with the concerns mentioned above) and at exposing citizens to broad based political information, offering high probabilities that citizens were reasonably well informed and exposed to opposing points of view, creating greater tolerance. At the heart of this period, during the most politically and economically depressing years, one study set in 1974 found that citizens who read newspapers with more bad news became more engaged in politics.²⁴ In a later age with more ability to self-select information, selecting toward depressing news about the political and economic world around us seems unlikely.



THE NEWS BUSINESS *in* 2010

Are We Headed to a Market Failure?



THE NEWS BUSINESS IN 2010

Are We Headed to a Market Failure?

Print daily newspapers are the lynchpin of the old media system. They did the yeoman work of staffing state bureaus and covering local politics. In any given city, the number of journalists employed by newspapers is larger than all other media outlets combined.²⁵ In 2009, for example, *The Dallas Morning News* employed more journalists than the combined staff of the network television stations serving the Dallas area.²⁶ From 2000 to 2008, the United States lost 10,000 journalists, roughly 25% of its print journalists, from newspaper reductions in staff or newspaper closures.²⁷

The loss of newspapers consequently translates to a disproportionately high loss of journalism. A recent study of the Baltimore metropolitan area news ecosystem found that more than half of new journalist-driven information came from print sources.²⁸ Newspapers are also more likely to cover state government. When and if newspapers collapse as business entities, they will take with them an inordinately large number of the journalists working in the United States.

The evidence that the old media system is under economic pressure is widespread. In 2009 two major US newspapers, *The Christian Science Monitor* and *The Seattle Post Intelligencer*, stopped producing printed newspapers and moved to an online-only format. One newspaper, *The Rocky Mountain News*, failed and was completely shut. Numerous others, including *The Boston Globe*, *The Philadelphia Inquirer*, *The Miami Herald*, *The San Francisco Chronicle*, and *The Fort Worth Star Telegraph*, were reportedly near collapse. Media holding companies, including The Tribune Company (with papers in Chicago, Los Angeles, Baltimore, Orlando, and Newport News-Hampton Roads), Philadelphia Media Holdings LLC (the owner of the *The Philadelphia Inquirer* and *The Philadelphia Daily News*), and the owners of *The Minneapolis Star Tribune* filed for bankruptcy.

Evidence also comes from diminished stock prices. Media General, which owns daily papers throughout the Southeast, saw its stock price fall to



\$1.25/share over the summer of 2009 from a peak of \$72/share in 2004, a loss of 95% of its value. Gannett lost 88% of its value from its 2-year peak, McClatchy lost 67%, and Scripps lost 75%. Under pressure to reduce stock and profit losses, publicly traded and private media companies offered buyouts to journalists, eliminated or reduced bureaus, and shrank the news room. Even newspapers in less dire straits are facing steep cuts. News rooms in major metropolitan cities have been significantly diminished by dwindling resources and staff cuts. *The Los Angeles Times* has cut its staff by about half, *The Washington Post* cut 200 journalists, and the Gannett Company (with 85 daily newspapers) eliminated 8,300 jobs in 2007–2008.

The economic problems facing news providers, especially newspapers, create potential problems for citizen access to critical political information and create greater opportunity for corruption when journalists are not “watching the store.”²⁹ As *The New York Times* put it, “the consensus is that newspapers going all-digital would become drastically smaller news sources for the foreseeable future.”

The economic failures in recent years have hit hardest in two-newspaper towns (Seattle and Denver being the most notable). We have yet to see a large metropolitan city go without a newspaper, but most business analysts believe it is only a matter of one or two years before several cities, including San Francisco and Philadelphia, find themselves without newspapers and the significant number of journalists they employ watching over government.

Why are traditional print newspapers in trouble?

The economic issues facing the news media are a continuation of a larger process of increased competition from non-news sources, an unbundling effect, and a consequence of (in hind-sight) mistaken business decisions. Short term forces are also at play: the general economic recession has curtailed major advertising purchases from once staples of the industry, such as car dealers and manufacturers.³⁰

The economic issues pressuring traditional newspapers run deeper than temporary recessions and will likely create economic incentives to close newspapers and cut newsrooms. Most analysts point to problems created or exacerbated by the Internet. But before the Internet put pressure on the business model, Wall Street pushed media companies to reduce costs and they responded with newsroom reductions beginning in the 1990s.³¹ Newspapers could bundle public interest journalism with a variety of other material (sports, fashion, food, and travel) and pay for the package with advertising and subscriptions. This basic model fell apart over the past ten years.

On the revenue side of the equation, classified advertising in newspapers has been eclipsed by competitors offering free services, such as Craig's List, and by single-topic sources like Monster.com for jobs and Match.com for dating services. A formerly key source of revenue has been diminished. Subscriptions for print newspapers have declined and newspapers who offer online content have yet to replace the income generated by print newspapers before the dawn of the Internet. Newspapers cannot sell as much advertising online as in a traditional newspaper and they have not discovered a way to successfully charge readers for online content. Attempts to charge even small amounts lead to a loss of readership and a loss of advertising revenue.³² Put simply, newspapers are squeezed.

While the unbundling available through the Internet has peeled off a significant source of revenue in classified ads, it also increasingly allows content to be specialized

and separated so that sports, for instance, is not packaged with news about government, leading to further losses in the subscription base.

To be clear, what is lost when newspapers fold is not the smell and feel of paper, but the journalists and their reporting, regardless of platform. Most serious media watchers are less concerned about how the news is produced and communicated, but rather that it is. If newspapers could profit as online entities and continue to produce and distribute public service journalism, we would not be concerned about the loss of printed editions.

If people won't pay for it ...

Some argue that the shift is simply the consequence of an outdated business model in an industry that failed to adapt. The usual response is to let innovation take place and to stay out of the way. This view fails to differentiate between a business problem, concerned about revenue and profit, and a democratic governance problem, concerned with the supply and accessibility of public affairs reporting. There is a real prospect that the newspaper business has been subsidizing public interest journalism and that the business itself will adapt in a way that reduces the volume and quality of journalism as a public good or that the public will lose a collective good for democracy that they were not willing to pay for individually. Newspapers have collectively fought to stay profitable by cutting the newsroom and downsizing journalists, a move not in the public's interest.

Economists use the term “market failure” to describe situations where we enjoy collective goods that are not individually monetized—we benefit, though we don't pay. As citizens, we enjoy the fruits of good journalism—staving off corruption, pointing out abuse, and providing citizens with critical information needed to make electoral decisions—even if we choose not to pay for them. The newspaper industry may innovate or respond with a workable business model, but the view immediately over the horizon is not particularly promising on a large scale.³³



Today's Headlines

Today's News

Up to the minute information

Departments

- INTERNATIONAL
- UNITED STATES
- LOCAL
- BUSINESS
- SPORTS
- POLITICS
- ENTERTAINMENT
- TECHNOLOGY
- LIFESTYLE
- HEALTH
- WEATHER
- YOUR WORD

Headlines

- President signs Crime Bill Into Law
- Space Shuttle Returns
- Democrats on the Move
- Terror Grips Jerusalem
- Stocks Rise Again
- Wildfires Spread in Midwest
- New Social Networking Craze Hits Web
- Gasoline Prices Drop For Second Week
- Housing Stabilizes This Weekend's
- Box Office
- and Loving It



Students Across the USA

Aliquam fringilla velit vitae ipsum ultricies
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 scelerisque. Proin iaculis leo vulpate
 turpis ut odio rhoncus ultricies. Curabi



MARKET *and* TECHNOLOGY RESPONSES

children are re
dapibus. Sed quis quam risus. Integer fermentum, ante eu
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MARKET *and* TECHNOLOGY RESPONSES

Current Players

While the economic fortunes of traditional newspapers have been battered by the Internet, one market-based response has been the search for revenue in online versions. Newspapers have experimented with pay walls—access only through subscription—and the results have generally been unfavorable. *The New York Times* tested its “Times Select” service requiring a \$50/year fee to read select columnists and editorials, only to abandon it shortly thereafter. Others have test-marketed “enhanced” versions of the online paper with specialized access to additional content, but the general experience of mainstream newspapers has been that pay walls have been a failure and that the number of people willing to pay for online news is limited, restricting the audience for potential online advertising. For most papers, a move to online-only is a revenue losing experience—print papers still account for the vast majority of advertising revenue.³⁴

Later in 2010 *The New York Times* will undertake a second ambitious pay-for-content experiment. The plan, which is not finalized, will allow free access to a limited amount of news, but will begin to charge for content as a user reads more stories. The occasional viewer will retain free copy, but the habitual user will have to pay. The general prediction, though, is that most formats will have to be free to the user in order to compete. In economic terms, the price point for online news is zero, with some exceptions for specialized media.

While the prospects for charging consumers for access to online news is dim, a second route to capturing more advertising revenue is promising, but not well tested or widespread. Major online search companies, such as Google and Yahoo!, contend that newspaper advertising is currently unsophisticated and greater profits could be generated if newspapers became more adept at data-mining, behavioral advertising, and the use of story geo-codes to allocate advertising. These technologies have been slow to be adopted and may raise significant issues about user privacy since customer behavior and data are used to generate ad placements. The use of geo-codes in stories for advertising



purposes also raises potential ethical problems of stories being crafted to capture advertising dollars.

The search for additional revenue through new technology or by cracking the online pay-for-use problem is but one way for traditional businesses to respond to tougher economic prospects. Unfortunately, as previously mentioned, the other way has been to cut costs, including the closure of state bureaus, the reduction of enterprise journalism, and downsizing of news staff. Some contend that traditional newspapers cannot last long in the market by weakening their news staff and their credibility as journalistic enterprises and predict that competition based on stronger journalism will be a viable strategy to win back market share.

New Players

As traditional news organizations have downsized and in some cases folded, new online-only ventures have emerged. At the larger end of the spectrum, we've seen major metro and state-wide nonprofit news organizations

become significant players such as *Voice of San Diego* and *The Texas Tribune*. Nevertheless, the first wave of post-print, internet-based news operations is remarkably young, but aimed at increasing the production of journalism. *The Voice of San Diego*, seen by some as the pioneering model, was founded in 2005 and MinnPost.com launched in 2007. Emerging nonprofit news organizations have launched large-scale initiatives at *The Texas Tribune* and *The Chicago News Cooperative*, in the summer and fall of 2009, respectively. These entities exist because of a real or perceived market failure for public interest journalism, but all face the daunting task of generating sufficient revenue through grants and membership drives to keep afloat.

For-profit newspapers that made the shift to online-only formats decreased their staffs. The core business question is how many reporters/news gatherers covering core public interest beats can be supported by online advertising revenue? Though it is too early to know the answer yet, it is substantially smaller than print-equivalents five years ago. *The Seattle Post Intelligencer's* shift from a print paper to an online-only entity is illustrative. Only 20 staff members out of 165 were retained at the transition.

In cities and towns with metro areas smaller than 250,000 people, online (and for-profit) news startups are examples of what Howard Owens, owner of *The Batarvian*, calls “small-staff journalism.” Businesses, such as *The Ann Arbor Chronicle* or *The Batarvian*, operated in relatively small markets and provided a surprising level of coverage of their communities, while relying on the equivalent of two full-time employees. A critical question for the small, for-profit enterprise is whether the amount of possible online ad revenue is sufficient to generate adequate community news. In some markets, the competitive bar is not particularly high and a small-staff operation can compete for content with traditional print operations.³⁵

The market has also seen a remarkable growth in hyper-local news sites and community news blogs. Jan Schaffer, Executive Director of J-Lab: The Institute for Interactive Journalism, which funds community news startups, reports that their most recent grant competition received 1,249 grant proposals, indicating a significant level of activity and interest in creating local news sources.³⁶ These new public affairs media (though in their infancy) and citizen engagement with them may offer a nuanced set of alternatives that allow for a greater number of voices, especially on local affairs.

New Partnerships

Legacy media has embraced partnerships between for-profit enterprises and between for-profit and nonprofit organizations at an unprecedented rate. These partnerships

are crafted to reduce costs and to help media organizations survive. For example, eight for-profit news organizations came together to form the *Ohio News Cooperative* to share news content and reduce reporter costs. More novel partnerships have developed between nonprofit, community news organizations and for-profit news organizations. *The Daily Progress* (Charlottesville, Va.), a Media General for-profit paper, for example, has partnered with *Charlottesville Tomorrow*, an online nonprofit news organization focused on growth and infrastructure. This partnership resulted in additional copy for *The Daily Progress* and an increase in their market distribution for *Charlottesville Tomorrow*.

The size and scope of partnerships seem on the verge of significant growth. *The Seattle Times*, for example, participated in a pilot project with J-Lab to collaborate with community news sites and has increased the number of community partners from five to 19 in six months.

A snapshot of the market in 2010

What we have is a dizzying array of models and levels of activity, without a clear empirical picture of how much news is being created by new entrants and how much has been lost by changes in legacy media. Some of the uncertainty comes from the fact that new entrants cover details overlooked by traditional outlets, so they are not direct replacements even if we know how much news is lost from legacy media shrinkage. These new models provide reasons for optimism, but the sense is that their ability to deliver critical amounts of news is untested and may need five to ten years to get off the ground.



PRE



DEMOCRATIC GOVERNANCE
in 2010 and BEYOND

DEMOCRATIC GOVERNANCE *in 2010 and* BEYOND

There are two broad and related sets of democratic governance issues as the media industry changes, one having to do with the production of news and the other having to do with its consumption by citizens. Production issues generally have arisen because of problems well described by market failure: news isn't going to be produced if no one pays for it. In the Social Responsibility Era consumers of television and newspapers indirectly paid for the production of public affairs news.

Consumption Issues

Markus Prior identifies a critical shift in news consumption that comes with the increase in media choice: consumption of political news was at its broadest level because consumers had few choices and television viewing is easy. As cable, the Internet, and new forms of media became available, the market for political news shrank. There may be no going back.³⁸ The amount of public-affairs news consumed by the public has stayed constant, but it is concentrated into a smaller group of consumers. One possible implication is that though we will have less democratic inclusion with fewer people engaged in politics, those who are engaged are doing so at elevated levels. Accountability is still highly possible if the production of news is increased.

A civic wish to have a citizenry concerned about governance and actively following the nation's news is likely to go unfulfilled. The increased availability of topic choice and the Internet's ability to "unbundle" news allows for citizens to access content they personally value, regardless of its democratic worth. Specialized content and content providers do not allow for information spill-over. Sports enthusiasts will not accidentally read political news headlines by going to *Sports Illustrated's* web site, whereas they may have done so with a print newspaper.³¹

The consequence of the ability to self-select news and information sources is twofold for democratic governance. In the Internet age, more citizens opt out of consuming politically related information, meaning fewer are receiving

political information and fewer are politically engaged. Second, citizens who self-select political information choose partisan or one-sided information sources without being exposed to a fuller marketplace of competing ideas.

These consumption issues may need to be thought of as conditions not possible to be remedied by media policy. There is also a hope that new information formats—such as those broadly described as hyper-local blogs—may encourage the blending of information acquisition and community engagement. Other institutions, including political parties and electoral campaigns, may need to work harder to cultivate democratic inclusion, but the media system most likely cannot, given this loss of news “bundling.”

Production Issues

The production problems are greatest at the state and local levels. Citizen knowledge and staffing of foreign bureaus has also diminished. Elite national newspapers such as *The Washington Post*, *The New York Times*, and *The Wall Street Journal* will continue to provide a level of coverage to national issues. Network and cable news will also play a critical role in covering national politics. The problem will hit closer to most citizens’ homes as coverage of state and local politics falters and farther from home as citizens will have a difficult time obtaining quality reporting on foreign crises and events.

At the local, regional, and metro levels, we are seeing a growing void in the routine coverage of public affairs. Aside from serving a watchdog role, coverage of local public affairs contributes to the democratic vibrancy of a community. A small, but important, study of the short-run implications of the closing of *The Cincinnati Post* found that the loss of the paper led to reduced electoral competition and voter turnout.³⁹ The authors caution readers not to draw unreasonable conclusions from the study, but the result is provocative and encourages a closer look at the impact of news loss. An earlier study that examined the impact of the 8-month-long newspaper strike in Pittsburgh, Pennsylvania in 1992 found that in the absence of a local paper, Pittsburgh residents were less able to connect the presidential election to local concerns.⁴⁰

Problems concerning media coverage at the state level include long-term structural neglect compounded by recent staff reductions. Professor Virginia Gray of the University of North Carolina, a participant in the Miller Center’s working group, explains the problem at the state level in her essay that follows.

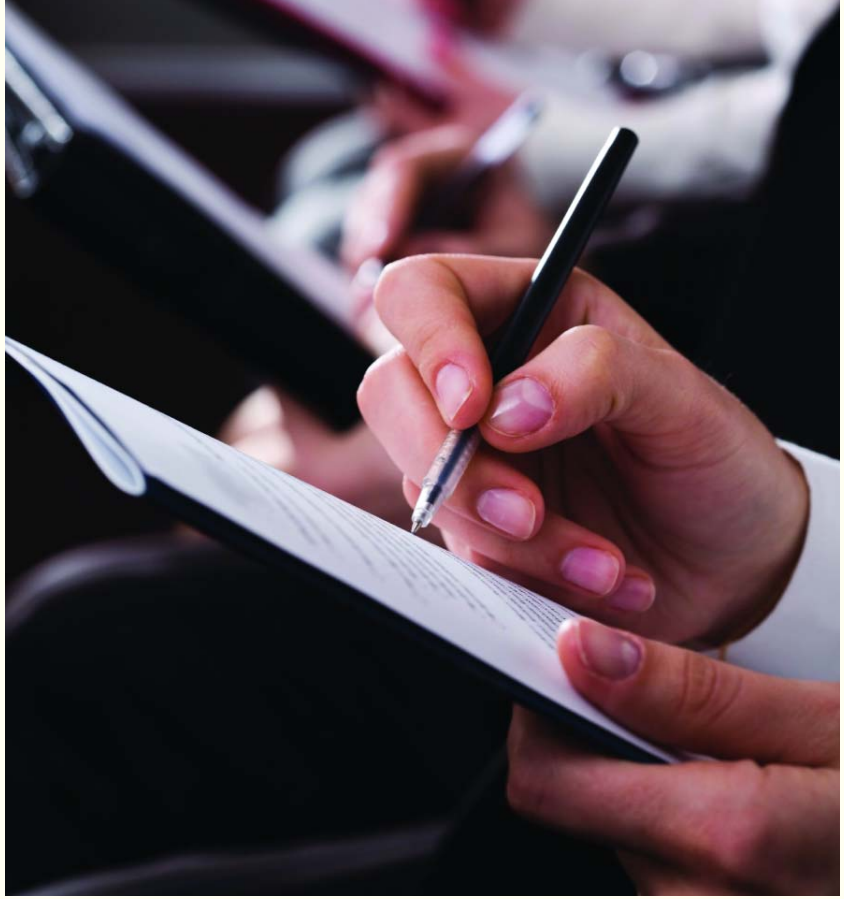
THE DECLINE *of* NEWSPAPER COVERAGE

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Newspapers and mass media in general serve two purposes in a democracy: educating the public and acting as “watchdogs.” It is hard to imagine democracy without a free press serving those functions. The fifty state governments in the United States are particularly dependent upon the print media within their boundaries due to certain patterns of media focus, namely that local television news finds state news too boring and too expensive to cover when ratings of local newscasts depend on blood and gore. National newspapers carry few substantive stories about state government; when they do, they tend to spotlight a few of the larger states. And national news shows do not have time to cover states much at all. This inattention to state government shapes citizens’ perceptions about the insignificance of states.

As in all else, the print media in the fifty states vary greatly.¹ One way they vary is in how state boundaries match up with media market structure, yielding citizens varying amounts of news about their state government. New Jersey and to a lesser extent West Virginia are *penetrated* by out-of-state print and TV media, from New York City and Philadelphia in the case of New Jersey and Washington, D.C., in the case of West Virginia. New Jersey has had a long history of corrupt politics which in some part I believe can be attributed to the lack of sustained media attention. Other states have the *capital city separate from the major media market(s) and population center(s)*, e.g., Olympia and Seattle, Washington; Juneau and Anchorage, Alaska; Springfield and Chicago, Illinois; Tallahassee and Tampa or Miami, Florida. Citizens in this set of states get more news than those in penetrated states, but there are still drawbacks, stemming from the fact that reporters from the “big city” don’t want to spend time in the “boondocks” and from the expense of maintaining a capitol press bureau. Thus, there is more reliance on legislative session-only reporters rather than year-round reporters who would monitor happenings in the executive branch and the judicial branch. This staffing pattern does not shed enough light on all the branches of state government. Finally, the citizens of another set of states are the most



advantaged in getting news about their states: their *state capital is the same as the major media market and population center*. Examples include St. Paul/Minneapolis, Minnesota (two daily newspapers); Raleigh, North Carolina; Boston, Massachusetts; Atlanta, Georgia. Their citizens have the best opportunity to learn news and information about their state governments.

Against this backdrop, almost all the states have experienced a decline in state capital bureaus, which shrank to a mere 355 full-time reporters in 2009, a dramatic 32% decrease from 2003, according to a survey repeated by *American Journalism Review*.² Forty-four states shared in the decline, four states stayed the same, and two states (Oregon and Rhode Island) increased modestly.³ South Dakota is the only state with no full-time capital reporter while *The Sacramento Bee* runs the largest bureau with ten full-time reporters.⁴ More than 140 newspapers reported having cut back on coverage, and more than fifty have stopped offering staff coverage of state government entirely. The reasons appear to be the familiar ones of declining ad revenue, the recession, and debt. The consequences of the loss of coverage cited by

reporters⁵ were narrowed priorities, e.g., having to focus just on the budget and pass up other bills, and loss of time to be watchdogs. Many of these reporters also have to write blogs, Twitter, and perform other new online functions that take time away from reporting. Other consequences of decline reported in a recent survey done by *State Legislatures* magazine were that stories are shorter, less sophisticated, and more likely to be “horserace” or political stories rather than policy analysis.⁶

Perhaps the biggest casualty of the shrinkage of the capital beat is the loss of watchdogs who ferret out corruption. A case in point concerns who is watching over the ethical nature of the legislator-lobbyist relationship, especially as it involves the exchange of gifts, favors, trips, and campaign contributions. State ethics boards do not have large budgets for enforcement and investigation of delinquents. They depend on reporters snooping around in their files and publicizing those who don't report, observing who is dining with whom, knowing who is going on trips with whom, and speculating about it in print. When reporters think they are on to something, then they depend upon the financial resources of the newspaper to follow the lead wherever it may go and on the legal resources of the paper to provide protection from those in power. Indeed, most new legislation that tightens up

ethics laws comes after major scandals and exposés. Thus without enterprising print reporters' discovery of wrongdoing, criminal activity by public officials might never be brought to light and reform legislation might never have been passed. For example, in 2007 Speaker Jim Black, the Democratic leader of North Carolina's House of Representatives, was subject to ongoing negative scrutiny in the pages of the Raleigh

Newspapers and mass media in general serve two purposes in a democracy: educating the public and acting as “watchdogs.” It is hard to imagine democracy without a free press serving those functions.

News & Observer regarding how he had continued in the speakership after Republicans gained majority control. Rep. Black is now serving a term in federal prison, courtesy of the FBI, and new legislation has been enacted that changed many aspects of the lobbyist-legislator relationship. North Carolina no longer ranks near the bottom of the states on strictness of lobbyist regulations. This story has been repeated in many other states.

But the newspapers in the fifty states are also critical for educating the citizenry so that they can vote knowledgeably in elections and, in half the states, on initiative ballot propositions. In the latter set of states news stories about the many different and sometimes conflicting propositions on the ballot are particularly important to provide the public education needed for direct democracy. But even in regular elections, reporting can be key to

And finally reporting about public policy is necessary if citizens are to realize what governing is all about. When citizens don't understand what their state legislature is doing, they are more likely to develop even more cynicism about it.

understanding what is true in the blizzard of ads presented about each candidate. Or in knowing what is going on after the election, e.g., the six-month-long recount battle between Norm Coleman and Al Franken in Minnesota's 2008 U.S. Senate election. And finally reporting about public policy is necessary if citizens are to realize what governing is all about. When citizens don't understand what their state legislature is doing, they are more likely to develop

even more cynicism about it. The lack of state government coverage has gotten so bad in some states that even legislators are complaining about it!⁷

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POLICY ALTERNATIVES
and CONCLUSION

POLICY ALTERNATIVES *and* CONCLUSION

*A*s the media industry changes, government policy could play a role in the preservation of public affairs journalism. Some would point to the first amendment and the postal system as early supports to media. Today, simply preserving the current media framework is not only a technological impossibility, but it allows considerable problems to go unchecked. At the same time, even the harshest critics of current media see great value in the basic work that journalists do in a democracy and fear a worse situation will arise if contemporary journalism collapses.⁴¹ We should also recognize that the problems are not geographically universal, nor are they universal by scale. Policy solutions should allow flexibility and respect the diversity of community sizes, experiences, and expectations. Fragile experiments in the future of news, especially those that offer prospects of greater citizen engagement, should be encouraged.

Four observations guide our understanding of what government could do:

- 1) It is too soon to tell whether we have a temporary problem that could be mitigated by market reform (including nonprofits) or a permanent condition. Policy should proceed cautiously and with short-term, renewable language.
- 2) Policy attempts should backstop rather than compete with market efforts. Policy should respond to market failures rather than create or encourage market failure.
- 3) Policy should be crafted to limit government encroachment on journalism. Local control and discretion should be maximized.
- 4) Policy should recognize that consumption patterns have shifted with the advent and adoption of the Internet and smart phones. However, the need for production of public affairs news in a democracy remains highly independent of its profitability. Policy should focus on stabilizing and enhancing production.



The specific policy vehicles needed to further these goals should be tailored to meet the needs of a diverse group of commercial and nonprofit efforts at every level. The public would benefit from added journalistic capacity either through nonprofits devoted to public interest journalism or through for-profit enterprises, but the structure of policy would likely differ between the two. For example, both need access to capital, but business ventures would benefit from small business loans whereas nonprofits would benefit from grant programs.

Nonprofit news organizations have also developed in smaller communities and offer the possibility of collaboration between themselves and for-profit enterprises that have seen a loss in the amount of journalism they have been able to produce. The goal for policy is to help these various enterprises to thrive while also building capacity where markets have failed or where journalistic capacity is low.

Areas of Policy Consideration

Regulatory Authority: The government could change ownership rules that allow for holdings of multiple media formats in a community (TV, radio, and print). However, most observers sense that the existing patterns of ownership and the short-term nature of the market (as newspapers in particular become less profitable) makes adjusting these rules less effective for the goal of enhancing the journalistic enterprise. In short, most of the damage possibly created by Wall Street pressure has already been done.

Non-subsidy tax issues: Two issues relating to the nonprofit federal tax law could be addressed. First, the IRS could clarify that news gathering organizations are tax exempt and therefore fit the qualifications for 501(c)(3) status. Existing organizations that act primarily as news gathering organizations are nonprofits. News reporting isn't explicitly covered under existing law, but "education" is. *Voice of San Diego* received 501(c)(3) designation from the IRS as a nonprofit charitable entity. Either the IRS should rule that news gathering organizations are "education" organizations or Congress should add news gathering organizations to the statute as exempt charitable entities.

Second, the IRS could clarify whether nonprofit news organizations—as qualifying 501(c)(3) organizations—can endorse candidates without risking the loss of their nonprofit status. Nonprofits such as *Mother Jones* or *The Washington Monthly* have been unafraid to make their policy and political views known without loss of designation. The ability to endorse is also not necessarily a uniform requirement or need. News organizations should consider accepting, as a fair compromise, a prohibition on explicitly endorsing candidates in exchange for nonprofit status. Changing the provision to allow explicit political endorsement opens a wider set of issues for all nonprofits (most notably churches) and may make such a change prohibitively difficult.

L3C designation: A related issue is whether the federal creation of a Low-Profit, Limited Liability Company (L3C) designation as a middle ground between nonprofit 501(c)(3) and for-profit entities (Limited Liability Company) would help the financial prospects of journalism. L3C advocates argue that the designation would open multiple revenue sources, especially those through private foundations and private investors. Critics are concerned

about whether the designation is necessary and whether it will help in a widespread fashion. Whether this designation will directly aid journalism in the near future is uncertain, but it deserves further attention.

Small-staff news organizations that wish to remain businesses, such as *The Ann Arbor Chronicle* or *The Batavian*, would not benefit from changes in the tax code to establish an L3C designation. They are small revenue businesses with relatively low overhead that produce enough profit for a family to live a middle-class lifestyle. The problem may be scale: advertising revenue in small markets may be enough to support a small staff enterprise, but not enough in a larger market to support a proportionately expanded staff.

Modify existing institutions: Several groups that have recently studied changes in the media industry—The Knight Commission, Downie-Schudson Report, and Free Press—all endorse the idea of reforming the Corporation for Public Broadcasting to encourage a greater focus on local coverage. To do so will require additional funding to enhance the capacity of local affiliates to cover local affairs. One consideration that the Miller Center would add to this consensus is the need to allocate funding in a way that respects fragile market innovations to this large-scale change in the news media. Poorly planned or executed enhancements to local PBS/NPR stations could inadvertently put the *Ann Arbor Chronicles* of the new media landscape at a competitive disadvantage. Reform to public media should follow the broad principles laid out in the 1967 law that encourage the coverage of material that was under-supported by the market (either in content or location).

Subsidies: A variety of tax credits and direct subsidies have been recommended by various proposals. Concerns over scope, costs, market interference, and government involvement in journalism have limited the viability of most proposals for direct subsidies. The recommendations by Free Press (or by Robert McChesney and John Nichols in their book *The Death and Life of American Journalism*) assume that subsidies will need to be permanent and large, assuming a widespread market failure for public affairs journalism. That may be a premature inference. Americans' comfort level with government funding as the dominant revenue source is also prohibitive.

In effort to advance a policy conversation, more alternatives should be considered. One possibility is to craft a more modest proposal than those put forward

by either Free Press or by the Reconstruction of American Journalism report. Conversations on grant-based policy options have stalled because of a concern that government funding of journalism could corrupt journalism or at least violate norms of strict separation. The Miller Center encourages further consideration of well crafted policy options that address critical concerns about journalistic independence. One possibility would be a civic grant program structured as follows:

Proposed Federal Policy Initiative: State & Local Civic Grant & Loan Program

If the most important problem facing citizens as a result of major media changes is a loss of journalism, then taking grants-based programs off the table eliminates one of the most promising vehicles for policy. We see a variety of means to craft policy so that it furthers the goals of maintaining the production of journalism while minimizing the footprint of government on the final product.

Make grants content-neutral

The first tool is to make any journalism funding program content-neutral by either only funding the building-blocks of journalism (web platforms, software, or data-mining technology) rather than journalism products (investigative reports about water safety), or by making any program automatic based on allocation formulas similar to those used by the Community Development Block Grant. Once resources are allocated to communities, issues arise about which organizations would receive grants, but all communities would benefit based on content-neutral criteria and final funding decisions would be made at the community-level.

Make grants market friendly/neutral

The second tool is to make any program sensitive to existing markets. A program could create parallel structures to provide low or no-interest loans to for-profit news organizations that could run in tandem with grants for nonprofits. Additionally, any program can use market tests to decide where grants should be allocated. Areas that are well covered (based on a common metric, such as the number of working journalists per capita) could be eligible for loans for competing businesses, but not eligible for nonprofit grants.

Encourage local accountability

Policy crafters can also insure that locally based accountability is maximized by restricting the amount of grants to be for less than half of an organization's operating capital and by giving preference to organizations with diverse, nonpartisan boards. Additionally, crafters can require community endorsements through matching fundraising or through some form of signature-gathering in the community. Recurring grants could require evidence of community use.

Make programs time limited

Lastly, any program can be authorized for a relatively short time. The technological frontier is uncharted and patterns may emerge for market driven solutions to information creation and distribution. Require program reauthorization in five to ten years or include a sunset.

Embrace citizen journalism/news makers

There are clear opportunities to embrace citizen journalism and improve its capacity. Blogs, Facebook, Twitter, and other forms of social media offer the possibility of enhanced distribution networks for citizen journalism. Nevertheless, the capacity to create news is not particularly high or well established. We should encourage creative ways to bolster the ability of citizens to add substantively to our news.

One possible route is to tap into the civic volunteerism of older generations that exists in many cities. A casual observation of city council meetings or other local public meetings finds a disproportionate number of older citizens participating and observing. Enterprising organizations could partner with Vista Corp (AmeriCorps for those over 55), operated by the Corporation for Service, to begin journalist training programs aimed at elevating meeting attendees to reporters.

Help journalists use and create technology

With government support through the National Science Foundation and cooperation from relevant government bodies, journalist can develop the field of computational journalism, offering the prospect of lowering the costs of accountability reporting through the application of new technology in data mining, crowd sourcing, and digital mapping.⁴² Many of the baseline tools that could be helpful for journalists exist, but were designed for other purposes such as tracking terrorist financing for Homeland Security.

Conclusion

The aim of this interim report is to further the discussion on this unwieldy issue without closing any doors to inquiry. We are more confident in this report of our understanding of the facts of the case rather than what is the best way forward. We are also more confident about the observations we have made about how policy *should* be crafted rather than the specific policies we have identified.

In the coming months, the Miller Center of Public Affairs will continue convening groups to think broadly about the issues of media and governance in the United States. This report has focused particularly on the issues related to one threshold section of the news media as it moves forward—that of newspapers. We are not ignorant of other important issues, nor do we intend this report to discourage investigations into other areas. This area simply seemed most urgent in mid-2009. Other pillars of the news environment are at risk now as well and our intention in the coming months will be to broaden the lens with which we view the issues raised by the unprecedented changes in our media system.

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31. See McChesney, Robert W. and John Nichols. 2010. *The Death and Life of American Journalism: The Media Revolution that Will Begin the World Again*. New York: Nation Books.
32. There are a few notable exceptions, including *The Wall Street Journal* and *The Financial Times*, who have successfully used pay-walls. Several major papers continue to experiment with models to charge customers for online content including *The New York Times* and *The Pittsburgh Post-Gazette*.
33. Hamilton, James. Remarks to the Federal Trade Commission's workshops "How Will Journalism Survive the Internet Age?" December 1 and 2, 2009. (<http://www.ftc.gov/opp/workshops/news/>)
34. Micropayments, the practice of charging very small amounts for access to content at the story-level, exist in theory only at this point.



35. Howard Owens notes that the print daily that *The Batavian* competes with in his 60,000-person market fields a similar number of full-time reporters, exclusive of sports reporters.
36. http://www.j-lab.org/speeches/entrepreneurship_and_the_future_of_news/
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